

Message Text

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PAGE 01 STATE 020019

64

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INFO OCT-01 ISO-00 SSO-00 NSCE-00 USIE-00 INRE-00 CIAE-00

PM-07 INR-10 L-03 NEA-11 NSAE-00 PA-04 RSC-01 PRS-01

SPC-03 TRSE-00 SAM-01 SAJ-01 DODE-00 SS-20 NSC-10

EB-11 COME-00 FRB-02 NIC-01 FEA-02 SCI-06 INT-08

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E.O. 11652: GDS

TAGS: ENRG, NATO

SUBJECT: ENERGY: ECONAD REPORT ON WORLD OIL CRISIS AND
THE ALLIANCE

REF: (A) USNATO 354; (B) USNATO 412; (C) STATE 10343

1. WITH THE COMMENTS NOTED BELOW, WE THINK THE SUMMARY
AND CONCLUSIONS OF SUBJECT REPORT COULD SERVE AS A
BACKGROUND PAPER FOR A GENERAL NAC DISCUSSION OF THE
ENERGY PROBLEM, IF ONE IS SCHEDULED. THE FULL REPORT

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SECRET

PAGE 02 STATE 020019

(AC/127-WP/373 REVISED) IS NOT NECESSARY FOR THIS

PURPOSE, AND IN ANY EVENT WE WOULD NOT HAVE TIME TO REVIEW IT ADEQUATELY PRIOR TO THE FEBRUARY 11 WASHINGTON CONFERENCE. WE THINK THE CHAIRMAN'S PROPOSAL FOR A COVER NOTE REVIEW OF VARIOUS ENERGY EFFORTS (PARA 3, REF B) IS A GOOD ONE, BUT WE WOULD PREFER TO SEE A DRAFT BEFORE APPROVING IT.

2. COMMENTS ON PARAGRAPHS 1-12 OF SUMMARY FOLLOW, KEYED TO TEXT PARAGRAPHS AS TRANSMITTED IN REF A:

2: MAKE "DEVELOPMENT" PLURAL IN LINE 1. CHANGE "WAS" TO "WERE" IN LINE 2. DELETE "NOT" IN LINE 2. DELETE "BUT" IN LINE 4. INSERT "AND" BETWEEN "1973" AND "THE" IN LINE 4.

4: CLARIFY "WEST" IN LINE 1. DO YOU MEAN "NON-COMMUNIST"?

5: LAST SENTENCE SHOULD BE CHANGED TO READ, "AGAIN, OIL EXPLORATION COULD BE PURSUED MORE ACTIVELY IN RELATIVELY SAFE AREAS." BY "SAFE" WE ASSUME YOU MEAN "POLITICALLY STABLE," BUT YOU SHOULD CLARIFY THIS.

6: INSERT WORD "ECONOMIC" BETWEEN "MAIN" AND "RISK" IN THE FIRST LINE. WORD "RISK" SHOULD BE PLURAL.

7: CHANGE "IS MATCHED BY" TO "HAS AGGRAVATED" IN LINE 1. CHANGE "RUNAWAY" TO "RAMPANT" IN LINE 1. END SECOND SENTENCE AFTER WORD "LEVELS" IN LINE 5. DELETE REST OF PARAGRAPH AND ADD THE FOLLOWING: "AT THE SAME TIME, THE LIMITED CAPACITY OF SAUDI ARABIA AND SEVERAL OTHER MAJOR OIL PRODUCERS TO ABSORB NEW INVESTMENT WILL RESULT IN A MUCH HIGHER TOTAL OF WORLD SAVINGS, LEADING IN TURN TO STRONG DEFLATIONARY PRESSURES ON THE CONSUMER COUNTRIES."

8: CLARIFY WHAT INDUSTRY WILL RECONVERT TO.

9: THIS PREDICTION SEEMS UNDULY PESSIMISTIC. LEAVE OUR FIRST SENTENCE. BETWEEN "THAT" AND "THE" IN LINE 7, SECRET

SECRET

PAGE 03 STATE 020019

INSERT THE FOLLOWING: "INAPPROPRIATE DEMAND MANAGEMENT POLICIES WILL AGGRAVATE." DELETE "WILL" IN LINE 8. INSERT COMMA AND WORD "THUS" AFTER "PRICES" IN LINE 8. ADD "ING" ONTO WORD "TRANSFORM" IN LINE 8.

10: CHANGE "MILLIARDS" TO "BILLIONS" IN THIS AND ALL SUCCEEDING PARAGRAPHS.

12: CHANGE "BE UNABLE TO PAY" TO "HAVE GREAT DIFFICULTIES AND PROBLEMS OF ADJUSTMENT IN PAYING." ADD AT END OF SENTENCE, "WITHOUT VAST NEW SPENDING AND INVESTMENT PROGRAMS."

3. COMMENTS ON PARAGRAPHS 13-19 OF SUMMARY FOLLOW, KEYED TO TEXT PARAGRAPHS AS TRANSMITTED IN REF B:

13: CHANGED "MOOTED" TO "DISCUSSED" IN FOOTNOTE 1.

15: ELIMINATE PHRASES, "THE CONSEQUENCES...HAD NOT ANTICIPATED," AND "HAD ON SEVERAL OCCASIONS" IN SIXTH AND SEVENTH LINES. ADD THE PHRASE, "HAVE RATHER CONSISTENTLY" AFTER THE WORD "MEDIA" IN LINE 7. INSERT

"WELL AS" AFTER "AS" IN LINE 2.

18: CHANGE "COMMITMENTS" TO "DISCUSSIONS" IN LINE 2. ADD "SHOULD" AFTER "CONSUMERS" IN LINE 4. CHANGE "RIGHT" TO "INTEREST" IN LINE 4. CHANGE "RIGHT" TO "NEED" IN LINE 6.

4. PER PARAGRAPH 3 OF REF C, YOU SHOULD CONCENTRATE YOUR EFFORTS IN THE NAC ON SUPPORTING THE NEED FOR THE FEBRUARY 11 CONFERENCE.

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